



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2009 Biennium

Bill #	HB0558	Title:	Purchase of fuel efficient vehicles by state
Primary Sponsor:	Wilmer, Franke	Status:	As Introduced

- | | | |
|---|--|--|
| <input type="checkbox"/> Significant Local Gov Impact | <input type="checkbox"/> Needs to be included in HB 2 | <input type="checkbox"/> Technical Concerns |
| <input type="checkbox"/> Included in the Executive Budget | <input type="checkbox"/> Significant Long-Term Impacts | <input type="checkbox"/> Dedicated Revenue Form Attached |

FISCAL SUMMARY

	<u>FY 2008 Difference</u>	<u>FY 2009 Difference</u>	<u>FY 2010 Difference</u>	<u>FY 2011 Difference</u>
Expenditures:				
General Fund	\$0	\$0	\$0	\$0
Revenue:				
General Fund	\$0	\$0	\$0	\$0
Net Impact-General Fund Balance	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>

Description of Fiscal Impact:

The bill requires a portion of vehicles purchased by the state motor pool to be operated by alternative fuels and hybrid electric power sources. The bill exempts vehicles where the total cost of ownership is 15% more than the cost owning a conventional vehicle. Based on price quotes from the fall 2006 vehicle purchase, both hybrid vehicles (due to availability) and alternative fuel vehicles (due to EPA ratings) would cost at least 15% more than the cost of owning conventional vehicles. No fiscal impact is shown due to the exemption being met in Section 2 (3). The department would continue to document compliance with and/or exemptions from the law in future biennia.

FISCAL ANALYSIS**Assumptions:****Department of Transportation – State Motor Pool**

1. The bill exempts the department if the total cost of owning and operating an alternative fuel vehicle or hybrid electric vehicle is more than 15% of a conventional vehicle. Because the EPA rating decreases in Flexible Fuel Vehicles (FFV), the operating costs is projected to exceed the 15% of a conventional vehicle, therefore the department would be exempt. The cost projections were based on fuel prices as of February 6, 2007, 2006 fall vehicle purchase costs, and ethanol market pricing.
2. The department requested a “quote for bid” on five electric hybrid vehicles. The department was unable to obtain any bids due to the demand for these types of vehicles in the private sector. No vendors were able to bid, as they could not guarantee delivery and availability of these vehicles (Fall 2006 vehicle bid through Department of Administration-General Services Division).
3. Since hybrid vehicles are not available through fleet purchase and vendors were unable to supply these vehicles through fall, 2006, the department would have to purchase the vehicles at retail pricing. This would place the hybrid vehicles at an ownership cost 15% over the cost of owning a conventional vehicle that could be purchased with fleet pricing. Therefore, the department would be exempt by Section 2(3).

Technical Notes:

1. In some classes of vehicles, only certain manufacturers offer FFV vehicles. This bill would eliminate competition in the bidding process (i.e. Chevy Lumina was the only fleet vehicle that offered flex fuel capability. Ford, Buick and GM did not have a flex fuel vehicle available for fleet pricing.)

Sponsor's Initials

Date

Budget Director's Initials

Date